

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
FINAL TRANSPORTATION ORDERS
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August 2, 2002

WASHINGTON UTILITIES
AND TRANSPORTATION
COMMISSION,

Complainant,

v.

BREMERTON-KITSAP
AIRPORTER, INC., C-903,

Respondent.

DOCKET NO. TC-001846

FIFTH SUPPLEMENTAL ORDER
GRANTING IN PART AND DENYING IN
PART PETITION FOR REVIEW

The Commission must determine in a rate proceeding whether rates and charges are just reasonable, and sufficient. ¶9; *RCW 81.04.250*; *RCW 81.28.230*.

The Commission may convert a tariff filing, that proposes to increase rates into a Commission complaint, the purpose of which is to examine whether the company's rates should continue at present levels or be reduced. ¶9; *WAC 480-09-600*; *RCW 34.05.070*.

A company's pattern of filing rate cases, only to withdraw them prior to hearing, does not constitute a sound basis for a proposed pro forma adjustment for amortization of rate case expenses. ¶26.

The expense level derived from a single extraordinary rate case before the Commission is not an appropriate basis for determining the level of future legal and accounting expenses and their proper amortization for recovery in rates. ¶29

The Commission will allow reasonable adjustments and amortization of proposed legal and accounting expenses based on the Commission's informed judgment of what future levels of such expenses will be. ¶30

The Commission will authorize owner/operator salary expense based on review of comparable competitive or prevailing salary levels for the type of service the owner/operator performs, no matter what status the owner/operator has as a shareholder in the company. ¶34

The Commission bases compensation for the owner/operator of an airporter company on comparable salaries for public transit authority executives, with an upward adjustment to reflect the benefits package public transit authorities provide their executives. ¶35.

The Commission will rely on principles derived from original cost ratemaking methodology in resolving affiliated interest transactions when there is less than arm's length involving lease payments by the regulated entity. ¶37

The Commission will allow post-test-period adjustments to rate base in circumstances when there is no proposed tariff at issue due to the withdrawal of the petitioner's proposed rates, and when it is most likely that the Company's rates will remain the same or be reduced. ¶¶38-39.

The test year approach develops a normal level of expenses that is expected to match the company's expenses in the rate year. The Commission does not generally allow out-of-test-year, nonrecurring expenses in rates. ¶42